

[REDACTED]
[REDACTED]
[REDACTED]
JUN 3 1982

Gentlemen:

We have considered your application for recognition of exemption from Federal income tax as an organization described in section 501(c)(3) of the Internal Revenue Code of 1954.

The information submitted indicates that you were incorporated on [REDACTED] under the laws of the State of [REDACTED].

The stated purpose for which you were formed is to promote the interest of the owners of properties within that certain tract of property to be known as [REDACTED].

Your activities include assessing and collecting charges against the [REDACTED] property owners; and, providing for services for the homeowners, such as trash pickup, snow removal, care of common property and lawn care for individual properties.

Your income is from member dues and interest. Expenditures are for the lawn service, trash service, snow removal, utilities, insurance, taxes and office supplies. A reserve fund will be maintained for future major contingencies.

Section 501(c)(3) of the Internal Revenue Code provides for exemption from Federal income tax for organizations which are organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or to foster national or international amateur sports competition, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual. A shareholder refers to anyone having a personal and private interest in the activities of the organization.

Section 1.501(c)(3)-1(d)(2) of the Income Tax Regulations provides that the term "charitable" is used in section 501(c)(3) in its generally accepted legal sense. It includes purposes and activities directed toward relief of the poor and distressed; advancement of religion, education or science; lessening the burdens of government; and combatting community

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deterioration and juvenile delinquency.

In order to qualify under section 501(c)(3) of the Code, an organization must be both organized and operated exclusively for one or more purposes specified in that section. If the organization fails to meet either the organizational or the operational test, it is not exempt.

You are not organized to carry out the purposes specified in section 501(c)(3) of the Internal Revenue Code. You are also not operated for 501(c)(3) purposes. In addition, the earnings of the organization will be used for the private benefit of your members.

Therefore, you do not qualify for recognition of exemption under section 501(c)(3) of the Internal Revenue Code.

Based on the information submitted, exempt status will not be recognized under any related paragraph of IRC 501(c).

Until you have established an exempt status, you are not relieved of the requirements for filing Federal income tax returns.

If you do not accept our findings, we recommend that you request a conference with a member of our Regional Office of Appeals. Your request for a conference should include a written appeal giving the facts, law, and any other information support your position as explained in the enclosed Publication 892. You will then be contacted to arrange a date for a conference. The conference may be held at the Regional Office, or if you request, at any mutually convenient District office. If we do not hear from you within 30 days of the date of this letter, this determination will become final and a copy of this letter will be sent to the appropriate state officials in accordance with section 6104(c) of the Internal Revenue Code.

If you do not protest this proposed determination in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies. Section 7528(b)(2) of the Internal Revenue Code provides in part that, "A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Court of Claims, or the district court of the United States for the District of Columbia determines

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that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service."

Sincerely yours,

[REDACTED]
District Director